

# DEPARTMENT OF CORRECTIONS FISCAL 2000 FUNDS

Prepared for the  
*Legislative Finance Committee*  
by

Lorene Thorson  
Senior Fiscal Analyst  
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## INTRODUCTION

The 56<sup>th</sup> Legislature appropriated approximately \$91.9 million total funds to the Department of Corrections for fiscal 2000 (not including HB 13). The department will have increased costs of approximately \$3.1 million in fiscal 2000 due to: 1) an increase in the costs of juvenile placement; 2) an increase in the percent growth of adult male inmates over amounts appropriated; and 3) the department's decision to add 59 modified FTE (39 FTE hired as of 4/29/00) and a probation and parole treatment plan in the 2001 biennium. At the same time, the department has experienced savings in: 1) outside medical costs; 2) the percent growth of adult female inmates over amounts appropriated; 3) the decreased population at Pine Hills; and 4) pre-release costs.

The remainder of this report will focus on: 1) how the department has transferred funds between programs to cover increased costs; 2) the impacts of policy decisions and associated fund transfers on programs; and 3) factors that will determine whether the department will need to request a supplemental in this biennium.

### Program Fund Transfers

As shown in Table 1, \$1.3 million has been transferred between programs and \$0.3 million was transferred to the Department of Administration Architecture & Engineering Division for expenses above the long range building appropriation for the Pine Hills expansion. In addition, \$360,000 in transfers from outside medical is pending notification of the Legislative Finance Committee and approval by the Office of Budget and Program Planning. The major approved transfers include: 1) \$800,000 from Administration and Support Services' operating expenses (of which \$700,000 was from outside medical) and an addition of \$275,000 for Administration and Support Services' personal services; 2) \$450,000 for increased Probation & Parole personal services and operating costs; 3) \$350,000 reduction in Pine Hills' personal services; and 4) \$825,000 added to the Juvenile Placement program.

#### Administration and Support Services

Outside medical costs are accounted for in the Administration and Support Services Program. Outside medical costs include those costs for inmates who require consultations with medical specialists or health care that is not readily available within the correctional facilities. The inmates are transported off site to community physicians, clinics, or hospitals for treatment.

**Table 1**  
**Department of Corrections**  
**Program and Subprogram Funding**  
**Fiscal 2000**

	Appropriated by Legislature	Funds Transferred	Revised Funding
<b>Admin. &amp; Support Serv.</b>	<b>\$13,806,892</b>		<b>\$12,921,892</b>
1. To P&P supplies/materials from MLEA Training Contract Services		(\$100,000)	
2. To Juvenile Plcmt benefits from Outside Medical		(700,000)	
3. To Admin & Support pers. serv. from Pine Hills pers. serv.		275,000	
4. To MSP operating expenses from Outside Medical		(94,000) *	
5. To MWP operating expenses from Outside Medical		(22,000) *	
6. To Pine Hills from Outside Medical		(244,000) *	
<b>Comm. Corr. Admin.</b>	<b>645,850</b>		<b>645,850</b>
<b>Boot Camp</b>	<b>1,259,297</b>		<b>1,259,297</b>
<b>Pre-Release</b>	<b>8,574,563</b>		<b>8,299,563</b>
7. To P&P personal services from Pre-release contract services		(275,000)	
<b>Probation &amp; Parole</b>	<b>7,914,413</b>		<b>8,364,413</b>
1. To P&P supplies/materials from MLEA Training Contract Services		100,000	
7. To P&P personal services from Pre-release contract services		275,000	
8. To P&P per. serv. from Pine Hills per. serv.		75,000	
<b>Riverside</b>	<b>1,160,851</b>		<b>1,160,851</b>
<b>Aspen</b>	<b>2,211,299</b>		<b>2,211,299</b>
<b>Transition Centers</b>	<b>881,461</b>		<b>881,461</b>
<b>Juvenile Placement</b>	<b>8,523,033</b>		<b>9,348,033</b>
2. To Juvenile Plcmt benefits from Outside Medical		700,000	
9. To Juvenile Plcmt from MSP Canteen operating expenses		125,000	
<b>MSP</b>	<b>21,817,987</b>		<b>21,786,987</b>
4. To MSP operating expenses from Outside Medical		94,000 *	
9. To Juvenile Plcmt from MSP Canteen operating expenses		(125,000)	
<b>MWP</b>	<b>2,285,908</b>		<b>2,307,908</b>
5. To MWP operating expenses from Outside Medical		22,000 *	
<b>Pine Hills</b>	<b>5,770,674</b>		<b>5,363,859</b>
3. To Admin & Support pers. serv. from Pine Hills pers. serv.		(275,000)	
6. To Pine Hills from Outside Medical		244,000 *	
8. To P&P per. serv. from Pine Hills per. serv.		(75,000)	
10. Agency transfer to DofA A&E for Pine Hills expansion project		(300,815)	
<b>Contract Beds</b>	<b>13,473,786</b>		<b>13,473,786</b>
<b>MT Correctional Enter.</b>	<b>3,581,204</b>		<b>3,581,204</b>
<b>Total Appropriated (not incl HB13)</b>	<b><u>\$91,907,218</u></b>	<b><u>(\$300,815)</u></b>	<b><u>\$91,606,403</u></b>

\*This transfer will trigger a total of over \$1.0 million transferred from outside medical to other programs (SB 19). Therefore, this transfer is pending LFC notification and final OBPP approval.

The 56<sup>th</sup> Legislature approved a present law increase of approximately \$0.7 million for fiscal 2000 based on increasing inmate populations. This adjustment brought the amount appropriated in fiscal 2000 for outside medical costs to \$3.5 million. In March 2000, the department transferred \$0.7 million from outside medical to Juvenile Placement benefits. Even after this transfer, only 42 percent of the adjusted appropriation had been expended by the end of April. This leaves more than half of the budget (\$1.6 million) unexpended. (A program transfer of \$360,000 from the outside medical budget is pending LFC notification and final OBPP approval.)

Cost information for outside medical costs is tracked separately in the state accounting system. But, only limited utilization and cost information is collected for on-site services, contracted services, or services for which the department pays directly. As a

result, the total dollars spent in providing medical services is difficult to determine. Without this information, it is hard to determine why there is such a reduction in outside medical costs in fiscal 2000. The department states that savings in outside medical costs were a result of the following factors: 1) better case management by the medical services unit; 2) Medicaid coverage for eligible inmates being admitted to hospitals; 3) fewer catastrophic cases; and 4) increased ability to manage medical services with all inmates now in state.

#### Pre-Release

The 1998 base budget for Pre-release was \$5.6 million and the 1999 legislature approved a \$2.9 million present law increase for additional beds and a chemical dependency program. This adjustment brought the total appropriation for fiscal 2000 to \$8.5 million. An operating plan change moved \$275,000 from Pre-release contracted services to personal services in Probation and Parole.

If the trends for the male and female pre-release populations continue, the number of male inmates in pre-release may be slightly above the fiscal 2000 ADP projection used by the 1999 legislature. It now appears that the number of female inmates may be more than 20 inmates less than the ADP projection used by the 1999 legislature. Therefore, as of April 29, 2000, the pre-release sub-program is approximately \$0.5 million under budget. This savings is a result of the phase in of the Missoula pre-release center and a lower number of females in pre-release than projected.

#### Probation and Parole

The 1999 legislature approved \$1.2 million in present law and new proposal increases for fiscal 2000 for the Probation and Parole Bureau. The new proposal was for 13.0 additional Probation and Parole Bureau staff in fiscal 2000. This adjustment brought the total appropriation for fiscal 2000 to \$7.9 million.

In the fall of 1999, the Governor concurred with the Department of Correction's request to add 59.0 modified FTE (28 for Probation & Parole and 31 for MSP) and a probation and parole treatment plan in the 2001 biennium. Because of a delay in filling many of the positions, the estimated cost in fiscal 2000 is \$1.1 million and \$2.4 million in fiscal 2001. As of May 2000, \$450,000 had been transferred into this bureau for increased personal service costs.

#### Pine Hills

The 1998 base budget for Pine Hills was \$4.9 million and the 1999 legislature approved a \$0.6 million present law increase for the transfer of 8.0 FTE from Montana State Prison to Pine Hills and increased operating expenses. In addition, the legislature approved \$0.3 million to increase the number of beds at Pine Hills to 120 in fiscal 2000. The total amount appropriated for fiscal 2000 was \$5.8 million, including approximately \$337,000 in personal services for transferred and new FTE.

The Pine Hills campus expansion was originally scheduled to open in December 1999, but did not open until April of 2000. This delay and other vacancy savings allowed the

department to transfer \$350,000 from Pine Hills personal services to the Administration and Support Services Program (\$275,000) and to Probation and Parole (\$75,000).

Savings in operating expenses were generated due to a decrease in the population at Pine Hills from what was projected. The ADP at Pine Hills was 84 in fiscal 1999 and projected to be 100 in fiscal 2000. As of March 2000, the ADP at Pine Hills was 52. The savings in operating expenses of \$300,000 were transferred from the Pine Hills operating budget to the Department of Administration Architecture and Engineering Division for unforeseen expenditures in excess of the long range building appropriation for the Pine Hills expansion. (A transfer of \$244,000 into Pine Hills from the outside medical budget is pending notification of the LFC and final approval by OBPP.)

#### Juvenile Placement

The 1999 legislature approved \$8.5 million for Juvenile Placement in fiscal 2000. In the fall of 1999, the department planned to use \$1.0 million of the Juvenile Placement budget to pay a portion of the costs of adding additional correctional and probation and parole officers. However, savings were not realized in this budget and in fact expenditures were higher than anticipated. Therefore, \$0.8 million was transferred to this program from other programs within the department.

The department is in the process of analyzing the reason for the increase in juvenile placement expenditures. At this time, it is not clear what impact the delay in the opening of the Pine Hills sex offender treatment unit and chemical dependency unit had on the juvenile placement budget.

Savings in personal services and operating expenses were realized at Pine Hills due to the delay in the opening of the expansion unit. However, language in HB 2 states that funds appropriated for personal services may not be expended under any other category except for contract services, when the amount transferred to contract services will be used to directly substitute for use of personal services. Therefore, savings in personal services would not benefit the Juvenile Placement budget. In an attempt to control the Juvenile Placement budget, the department sent out a memo to regional administrators of Youth Placement Committees in March 2000 advising them that juveniles should not be referred to a non-state facility unless another youth leaves that facility.

#### **Potential Impacts**

The transfer of funds among programs is management's response to administering a budget that funds services for an ever-changing population. In addition, policy decisions were made as a result of the decision to add modified FTE, which also resulted in moving funds from one program to another.

Two main areas of concern arise as a result of these transfers of funds: 1) Are inmates receiving suitable levels of health care; and 2) Are juveniles being placed appropriately?

### Health Care

With the movement of \$700,000 out of the outside medical costs' budget and still experiencing excess unexpended funds in that budget, the Legislative Finance Committee may want to request that the department provide an analysis of on-site and off-site medical costs which answer the following questions:

- Has the department implemented new procedures that have restricted the use of outside medical care? If so, what are the new procedures?
- Are inmates getting the same access to outside medical care as in the past?
- Are on-site medical costs higher and absorbing more of the services normally provided off-site?
- Is there a backlog of inmates requiring outside medical care?

The department states that inmates are receiving suitable levels of medical care and recently received confirmation of that fact in a settlement agreement with the ACLU and U.S. Department of Justice. The MSP Infirmary has been monitored by the ACLU and the U.S. Department of Justice for the past five years in response to two lawsuits. On March 24, 2000, the court appointed monitors from the ACLU and the U.S. Department of Justice determined that the infirmary is currently providing constitutional levels of medical, mental and dental health care.

### Juvenile Placement

Secure care programs are for the most serious, violent, and repeat offenders. The department's decision to control juvenile placement costs by restricting the placement of juveniles in non-state facilities raises several questions that the Legislative Finance Committee may like the department to address.

- Will youth be placed in secure custody when an alternative program or community program would better serve the needs of the juvenile and family?
- Are placements based on where space is available rather than need driven?
- Will the decision to refer juveniles only to state facilities cause a reduction in the availability of community-based services and therefore force an increased reliance on placement in secure custody?
- Will step down services for juveniles be eroded?
- How is this policy decision impacting community-based programs?

### Supplemental in 2001 Biennium?

It appears that the department will be able to live within the fiscal 2000 appropriation, due to savings in: 1) outside medical costs; 2) the percent growth of adult female inmates over amounts appropriated; 3) the decreased population at Pine Hills; and 4) pre-release costs. However, in fiscal 2001 the likelihood that a supplemental could be needed is increased by the following factors:

- Costs of the 59.0 modified FTE are projected to be \$2.4 million;

- In fiscal 2000, the growth in male inmates is exceeding projections. If this increase continues, the cost of male inmates will exceed amounts allocated; and
- \$0.8 million was transferred to bolster the juvenile placement budget in fiscal 2000. Will this trend continue?

Continued savings by the department in fiscal 2001 for items 1 through 4 may not be adequate to circumvent a supplemental in fiscal 2001. In order to avoid a supplemental, savings or increased funding would need to be found in one or more of the following: 1) vacancy savings; 2) keeping juvenile placement costs within budget; 3) realizing a reduction in the percent growth of the inmate population from projected amounts; and/or 4) using the \$1.0 million contingency account appropriated to the Office of Budget and Program Planning.

## Summary

The Department of Corrections has transferred \$1.3 million between programs and made policy decisions in an effort to deal with: 1) the dynamics of the population served by this department; and 2) the decision to add modified FTE. The department has the flexibility to make operating plan changes as long as it operates within the existing appropriation level and meets the provisions of 17-7-138 and 17-7-139, MCA.<sup>1</sup> If, however, budget decisions of the department later require the department to request a general fund supplemental, only the legislature can approve such as request when the legislature convenes in 2001.

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<sup>1</sup> LFC notification prior to any general plan change or program transfer of at least 25 percent and more than \$25,000, or \$1,000,000.